

Boston Is Riddled Over New Money Wizard's Scheme

Ponzi Has to Remove His Office to Another Place in Order to Pay Those Who Had Been Promised 50 Per Cent. Interest in 45 Days—No Flaw in His Scheme Yet Found.

Boston, July 28.—Boston is still wild over the financial operations of Chas. Ponzi, who has cleaned up several millions of dollars in the last few months and there have been several near riots in and around his office on School street in the past few days as people who had his notes, frightened by the publicity which he has received and fearing they would lose their money, demanded payment.

Thus far there has been found no flaw in Ponzi's scheme which promises to pay 50 per cent. for the use of money for 45 days, and Ponzi is paying all the claims in full.

Meanwhile, an application was made by one of Ponzi's creditors in the Superior Court today for a receivership for the Ponzi concern, and a temporary injunction restraining Ponzi from drawing on funds on deposit in several banks here.

Judge Watt declined to grant the temporary injunction, and the application for a receivership was thereupon withdrawn.

Judge Watt's decision to withhold temporary action against the firm followed a statement by Samuel L. Ball, appearing for Ponzi, that Ponzi and his firm are meeting all obligations, and that Ponzi declares his ability to meet them in full.

Secret selection of an auditor to investigate the affairs of Ponzi, the newest "financial wizard," whose promise to "double your money within ninety days" has set Boston wild; a near riot in the School street offices of the Securities Exchange Co., in which four women, exhausted by hours of frantic endeavors to reach the inner offices, collected their money during one of the periodic attempts of the crowd to force entrance to the rooms; the injury to several men in the crowd who were cut by flying glass when they tried to force their way inside, and a constantly growing demand for repayments of credits, marked the day's developments in the \$5,000,000 financial sensation.

District Attorney Joseph C. Pelletier announced today that he had appointed an auditor to examine carefully into the standing of Ponzi's business venture, but declined to make his name public until tomorrow. Pelletier refused point blank to answer any questions as to why he concealed the name of the auditor, or to speculate on comment in any way upon the case.

Shortly before the news was announced of the appointment of an auditor a crowd of persons who had invested money with Ponzi, most of whom were Italians from the North End colony, rushed his offices, forced admittance, and gave the police a merry time before order was restored.

A second disturbance occurred during the lunch hour when a crowd of wedge of creditors jammed the doors of Ponzi's office. A squad of seven policemen fought their way through and threw them, yelling, from the office. Then followed a ten-minute fight to clear the corridors.

So many creditors appeared at the School street offices that Ponzi took over the "bell-ringer" famous for his bawling in the Alley, and transformed the place into a temporary office. There applicants for return of loans were received, their applications checked, and those approved paid from a hastily constructed cashier's booth within the exit doorway.

At least a thousand claims were settled yesterday before the business closed, actual cash on hand in Ponzi's offices had been exhausted, and clerks were giving out bank checks. There was little argument over claims, either for withdrawal at the end of the interest term, or for the return of the surrendered notes and receive the face value of the original investment.

At the close of business yesterday afternoon, Ponzi prepared and gave out the following statement to the press:

"In conformity with my agreement made with District Attorney Pelletier on Monday, I have, in so far as it was humanly possible, met the claims of the force on hand, paid every obligation presented at my office today in the form of notes issued by me during the past 45 days. All of those notes which had matured were paid at their face value. All notes which had not matured were redeemed by me for their original sum. This was in accordance with my advertisement in the papers.

"The amount paid out by me during the day amounted to several hundred thousands of dollars. I shall continue payments tomorrow on the same basis, and every day until all my obligations have been presented.

"I learned early in the day that speculators were purchasing notes that had not matured from people in line, for the purpose of holding the notes until maturity and collecting in full, with 50 per cent. interest. While I have no control over these notes, which are negotiable, I feel that I should call the attention of the public to this attempt to speculate on their holdings and let them see the inconsistency of giving a profit to money sharks who are willing to gamble on the nervous tension of the public."

United States District Attorney Daniel J. Gallagher yesterday issued the following statement as coming from Ponzi, in which Ponzi himself explained the methods he was using in order to double money in 90 days:

"The method is the conversion of American money, first into depreciated foreign currency, no matter what it is; or the conversion of foreign money, not depreciated, into foreign money that is depreciated. I am making this statement because I do

not actually send money abroad, but I use funds I have abroad between one country and another. That is the first part of the transaction.

"Ponzi had agents throughout Europe, he maintains. These bought coupons when they were cheap. The coupons were taken to countries where money rates were high and converted into stamps. These stamps were sold to big business houses or other large users, Ponzi said.

"The official United States Postal Guide sets forth the details of how international reply coupons were to be used. They were intended merely as a business convenience, but it seems that Ponzi was the first one to conceive how they could be exploited.

"Statements that a number of reply coupons issued and redeemed by the United States during the past year and only a fraction of the number Ponzi must have used in order to carry on the volume of business which he claims seem to be significant. Figures from the countries where coupons are 'cheap' or from the countries where they would be most likely to be taken for redemption would have even more direct bearing upon the question of whether Ponzi actually carried on his business with these coupons alone.

His customers did not invest directly in these coupons. They simply deposited their money with him and took in return a note for one and one-half times the amount, redeemable in 90 days. He was offering interest in investments at the rate of 200 per cent. annually, and in many cases he was actually giving returns at a far greater rate, for many of the notes he redeemed at 50 per cent. profit within 45 days.

Washington, July 28.—Postal authorities are investigating closely the manipulations whereby Charles Ponzi, of Boston, says he has made millions out of dealings in "international reply coupons." The postal authorities yesterday they were going into every angle of the affair.

From all that can be gathered it appears that the Ponzi story has the authorities here puzzled. One thing is said to be certain, and that is, if the postal authorities are not satisfied, the enterprise entirely within the law, he will be barred from the mail, and perhaps prosecuted.

Officials here say that no great income from the sale of international reply coupons has been shown, as would be the case if Ponzi's agents abroad had purchased them wholesale. Doubt is expressed here that there has been any extensive purchase of these coupons abroad.

Law officers of the Post Office Department said yesterday that on July 2 the department issued an order prohibiting the redemption of more than ten international reply coupons from any one individual. This very order, they said, would automatically "slow up" any attempt to make money quickly out of the order.

"The second part is the purchasing of the depreciated currency in international reply coupons.

The third part is the reduction of these international reply coupons in countries in which the currency is depreciated, and the conversion, of course, into postage stamps.

The fourth part of the disposal of these stamps is the sale of them, either the conversion of the money that I derive from the sale of the stamps into American money, or the credit of such money into some foreign money to be used at my disposal to repeat the operation."

Continuing, Mr. Gallagher's statement said:

"Mr. Ponzi said he had in the United States upwards of \$5,000,000, and between \$5,000,000 and \$9,000,000 in depositories abroad. He was asked why it was that, having eight or nine million of dollars in American money, he should maintain an office here to solicit and receive more money, or why he should pay agents a commission for soliciting people to invest their money with him, when he had that much money in the money, but that he would eventually need the people.

"When asked for what purpose he would need the people he said he did not know, but that it was possible he might want to run for office, and inquired if there was any objection to his doing so. On being asked if he was a citizen of the United States he replied: 'Almighty God, no! I am not. It was a fact that his international reply coupon enterprise was a preliminary to something bigger he answered. Very much so.'

"He said he was going to start a different banking system, that instead of giving the net profit entirely to stockholders the net profits would be divided equally between the stockholders and the depositors, because the stockholders are taking the depositors' money and paying the depositors only per cent. He declared he would make Boston the largest importing and exporting center in the United States and that his present enterprise was only preliminary to this.

"He would keep \$1,000,000 and spend the other \$9,000,000 in charitable work or something that would do good for the people."

"He said that in the past he had approached people, looking for their financial backing, to the extent of a few thousand dollars but had been refused. He mentioned one former State official whom he had approached on such a matter, and the official expressed great admiration for the proposition, but would not invest."

"Today," said Mr. Ponzi, "that official would be tickled to death if he had put in \$5,000, and he is not the only one."

"His intent the business has been based upon the wide variation in the rates of foreign exchange. Ponzi, according to his explanations, took advantage of the discrepancies in the money rates through the medium of the international postage reply coupon. These coupons have constant value throughout the countries in the international postal agreement. A

CANDIDATES FOR GUBERNATORIAL HONORS



Men talked of for the Republican nomination included: Left: Thaddeus Sweet, Speaker of the N. Y. Assembly. Middle: Secretary of State Francis M. Hugo. Right: State Senator Henry M. Sage. (C) U & U

State Officials Coming To Stop Bus Overloading

Jitney Men Indignant Over Enforcement of Law That No More Than Two May Stand in Bus—Smoking To Be Barred on Buses—No Order to the Men to Return to Work Next Monday.

The jitney men were notified at noon today that the law against having more than two passengers standing in any bus would be strictly enforced hereafter.

The notice came from the office of Motor Vehicle Commissioner Stoekel and the jitney men were given to understand that the order would be enforced by a corps of men connected with Commissioner Stoekel's office.

The local police were not notified of the new order and knew nothing of it until they were notified by President John B. Schwartz that he had received the notice.

President Schwartz said that he and the jitney men would, of course, obey the law, but he thought that it was a great injustice at this time when the jitney men were doing everything in their power to meet the situation created by the strike of the Connecticut company that the Motor Vehicle Commissioner should invoke this law to prevent the handling of the crowds from the factories and stores at the rush hours of the day.

President Schwartz said: "It will only create trouble between the drivers and the passengers, who will insist in getting on the jitneys, even though more than two are standing."

"If the jitneys are allowed to carry all they can they will be able to handle the crowds as well or better than they have since the trolley stopped. It seems a great injustice that this law should be invoked against the jitneys when everyone knows that the trolley cars have been allowed to run in every one and no one ever tries to stop them."

"No trouble or accidents have occurred from allowing more than two to stand and the people who leave the factory get into the jitneys as long as there is room for them."

But we will obey the law and do the best we can to handle the traffic no matter what handicaps are put upon us."

Despite the fact that 300 new jitney buses were reported to be enroute from outside cities to Bridgeport, records at the Motor Vehicle department office at police headquarters show that only 22 public service drivers' licenses and 10 registrations have been issued here since midnight Sunday. Three of the new machines came from Massachusetts, three from Newark, N. J., and the others from New York City.

Motor vehicle traffic today was being handled in the same efficient manner as featured the work of the police and jitney drivers during the first two days of the week. No complaints have as yet been registered at the traffic division, according to Captain James Walker.

Numerous complaints have been made to the police regarding smoking in jitney buses. All drivers have been warned against permitting passengers to smoke in the machines, and the ruling will be enforced by the police.

In regard to the bulletin which has been posted at the Congress street barn of the Connecticut Company

coupon worth three 2-cent stamps here is worth stamps to equal value in Bulgaria, or any of the other countries, but coupons in Bulgaria, where the money rate is low, are at a discount. The same amount of American money will buy more value in coupons in Bulgaria than in the United States."

NEW HAVEN TO ASK FOR 5 CENT FARE

Many Cities Will Be Represented at Utilities Hearing Tomorrow

Many of the cities of the state will be represented at the hearing in Hartford tomorrow morning at 10 o'clock on the trolley company's petition for a seven cent flat fare in zones with a three mile diameter in the cities with 2 1/2 to 5th mile zones on the suburban runs.

Under the direction of Mayor Fitzgerald the New Haven delegation at the hearing will insist that the trolley fare should be five cents in the cities and it is probable that other cities may follow that lead.

The jitney men of the state will be represented by the traffic problem committee recently appointed by Mayor Wilson and will undoubtedly ask also for a five cent fare.

Because of the suspension of the trolley service the Bridgeport delegation will be of more interest than that of any other city in the state and their opinions will be awaited by the representatives of other cities.

The jitney men of the state will not attend the hearing, though Senator Michael J. Quinn of New Haven, counsel in that city for the jitney men, will attend as a spectator.

Mr. Kibling further told a Times reporter that both the Stratford avenue and the Congress street trolley barns were filled to the doors with trolleys and that very few had been sent out of the city. The cars that were sent out of the city are not being operated on the lines of other cities but were simply sent to Norwalk and New Haven for storage purposes, according to Mr. Kibling. "If service was ordered resumed tomorrow we are in a position to put the full rolling stock of the Bridgeport division into operation," he said.

Mr. Kibling gave out his customary quotation of "I have nothing to say when asked if there was a possibility that the trolleys would resume operation on Monday. The local employees of the company were being paid off for the week ending, on last Friday at the Congress street barn offices this morning. They will draw another pay on next Wednesday for the week ending on this coming Friday. The men are still reporting at the barn twice a day.

That a fiduciary relation exists between the inventor of an unpatented device and a party to whom he has explained his invention for the purpose of having the same manufactured was decided by Judge Frank D. Haines in Middletown yesterday when he restrained Leslie W. Holmes and the Holmes Manufacturing Company of Shelton from engaging in the manufacture of air cooled motors involving the essential features of the Cameron Motor and from disclosing any information in regard to the same to other parties.

This is the first time in the history of inventions that a state court has passed on this contention and the result is of interest to all inventors who are experimenting with their devices before taking out a patent.

After a patent all actions for infringement must come before the United States District Court but Judge Haines by issuing the injunction said that the state courts have power to restrain inventors before the patent is issued.

Attorney John A. Cornell of this city appeared for Everett S. Cameron and the Cameron Motors Company in the injunction proceedings and is also attorney for the same parties in the action recently brought against the Holmes Manufacturing Company for \$1,100,000 which has been returned to the September term of the Superior Court of Fairfield County.

Cameron claims that on June 15, 1919, he entered into an agreement with the Holmes Manufacturing Company, of which Leslie W. Holmes is president, and they agreed to work together in promoting the sale and manufacture of a certain type of air-cooled motor, which the plaintiff invented. An office was opened by the plaintiff in New York, where he endeavored to create a demand for the type of motor in question.

As the Holmes Manufacturing Company, which was to manufacture these motors, could not understand some of the plans, Cameron explained the invention to them in detail. He gave them his blue prints, and other technical knowledge on the motor. Cameron now claims that the defendant has stolen his idea, and with a few minor changes are planning to begin the manufacture of the same type of air-cooled motors. He also states that from June 15, 1919, to January 17, 1920, the Holmes Manufacturing Company have made various parts of the motor, and have completed several.

Nome, Alaska, July 28.—Ronald Amundsen, Norwegian explorer, arrived in Nome last night from his Arctic region.

BOXER DIES FROM KNOCKOUT BLOW

Detroit, July 28.—Jack Folline of Chicago died here today after receiving a knockout blow during a bout here last night. When he fell his head struck the mat.

Company Talks Over Plan To Stop All State Service

WOOD WAS NOT A WILSON CRITIC

George H. Wood, yesterday appointed as a member of the Board of Relief by the mayor, said this morning that the statement that he had objected to the attention of Mayor Wilson to President De Valera of the Irish Republic, was untrue. He said that on the contrary, he was responsible for the expulsion from the lodge of the Sons of St. George, to which he belonged, of the man who had criticized Mayor Wilson.

The Times received its information in the usual course of collecting news and hastened, upon Mr. Wood's statement, to set him right before the public.

GERMANY WANTS TO BE REPRESENTED

Berlin, July 27.—The opinion that Germany should be represented in the proposed conference between Allied and Soviet representatives at London was expressed to the Reichstag today by Dr. Walter Simons, Foreign Secretary.

"I am now curious to see," he said, "whether in the negotiations soon to begin on the eastern question between the Entente and Soviet Russia, the Entente again will make the same mistake as at Versailles when it undertook to solve European questions—namely that of proceeding without Germany. If that should happen then eastern peace will become a house of cards, much more unstable than the peace of Versailles ever can become."

JULY AFTERNOON LATE AT COURT

When James Kataras, of 511 Warren street went in bathing off the seawall at Seaside park yesterday afternoon, he neglected the rather important factor of donning a bathing suit before entering the water. A number of women complained to the police about the man's action, and he was taken to the station by Officers Sherwood and Booth, on technical charges of breach of the peace. The offender forfeited \$15 bonds by failing to appear in the City Court this morning, but showed up a few minutes after the case had been closed. The matter will be re-opened tomorrow morning.

CUPID ON STRIKE; NO LICENSES GIVEN

Not very often is there a day that passes when Cupid does not lead a couple of "want-to-get-married" victims to the Bureau of Vital Statistics in the Welfare building but yesterday the unusual happened and not one marriage license was issued. The two young ladies who pass out the papers in the bureau were at a loss to account for what they termed a "miraculous happening" this morning but for the want of a better thought expressed themselves that the scarcity of coal was too great a handicap to be overcome and Newlyweds must keep the house fires burning during the long hard winter. "But when you needs coal when the hearts are warm for each other," added the other demure miss from the Health department.

PRISONER GETS AWAY FROM HILLSIDE HOME

By forcing a lock from a window, a 17-year-old lad who was recently sent to Hillside home by the City Court, made his escape from that institution about 11 o'clock this morning, and has not been apprehended as yet. The youngster was arrested on July 17, charged with stealing a suit of clothes and watch from a man who resides in Summer street. He was to have been transferred to the State Prison this morning, but thwarted this arrangement by making his escape. The police are now looking for the youthful fugitive.

Company Is Losing \$25,000 A Week

The Connecticut company is losing \$7,000 a week by the operation of its cars in Bridgeport, and this cannot continue said President L. S. Storrs in talking to the Board of Aldermen at their last meeting.

This week when the Connecticut company has stopped its service, it must be losing in the neighborhood of \$25,000 and this loss will continue while the service is stopped it was stated this morning by a person having knowledge of the facts.

The employees of the company affected by the stoppage of the local is between 700 and 800 according to President Storrs and these men must be paid at a minimum rate of \$21 a week while they are laid off according to the contract existing between the company and the trolley men's union.

It is said that the company has promised to pay the men full wages for this week. The pay roll of the company for a week in this city amounts to over \$25,000 and the head charges to considerable more so that the company by its act of shutting off the public of the city from trolley transportation stands to lose about \$30,000 as long as the service is stopped.

How long can this continue before the company is thrown into bankruptcy is the question that is agitating stockholders.

Conference Held in New Haven Today Between President Storrs and the Division Managers—Says Bridgeport Jitneys Here Succeeded the Cars—Buses From Other Cities Being Used.

New Haven, Conn., July 28.—President Storrs of the Connecticut Company today, declined to comment on the trolley conditions in the State, following a conference of five division managers, which, it was reported, had considered the matter of cessation of service in New Haven, Hartford and Waterbury. When asked if such a suspension of car service was in view Mr. Storrs said that none would be made without due notice to the community which would be affected.

Mayor Fitzgerald called upon Mr. Storrs for a discussion of the local trolley-jitney conditions, and it is understood that the trolley company is ready to make available to the aldermanic committee, which is examining conditions, the financial accounts of the company.

It is further contended by the trolley management, it is understood, that whatever success the jitneys may be having in handling the Bridgeport traffic is due to the fact that motor vehicles have been drawn from other places, and a cessation of trolley service in other places would leave the latter without adequate means of transportation.

HARDING WOULDN'T ASK DEBS' RELEASE

Salt Lake City, July 28.—Plans looking to the release of Eugene V. Debs from prison are being held in abeyance pending word from Governor Cox as to whether he will cooperate. Pearley P. Christensen, farmer-labor nominee for president, informed the governor in a telegram today.

"I intend to make every possible effort to the end that Debs, a man with whom I disagree politically, be accorded the same freedom to voice his beliefs that you and Senator Harding and I enjoy," the message said.

Christensen added that Senator Harding had replied unfavorably.

GIVES HOUSE TO NEW HAMPSHIRE

Concord, N. H., July 28.—The residence in this city of Benjamin A. Kimball, president of the Concord & Montreal Railroad, is given to the state for an executive mansion, in his will filed for probate today. The bequest is to become effective upon the death of Mrs. Kimball.

20 OVERCOME AT DESTRUCTIVE FIRE

Chicago, July 28.—Twenty firemen were overcome today while fighting a fire that practically destroyed the beef house of Armour & Company, a five-story structure covering a block at the stockyards. The flames menaced a million dollars worth of beef in adjoining storage plants.

COULMET TO PLAY HERE

Francis Couimet and Jesse Guilford, two of the best known golfers in New England, will be with the Massachusetts state golf team which will play the Connecticut team at Brooklawn Country club, Saturday.

Plot Of Land Is Given Walker Home

Officials in charge of the Walker Home fund have announced today that two new plots of land have been secured adjoining the original holding of the home in Beardsley street. One plot 66 by 100 feet has been purchased, and a kind donor has presented free of charge a tract of land on the east, measuring 25 by 100 feet. The entire tract now includes a 66 foot front on Beardsley street with a depth of 200 feet. The \$25,000 drive for building funds is being continued. The Walker home is to be used for the benefit of colored widows, and construction of the building will be commenced as soon as the necessary funds are secured.